



## Nurturing a thousand flowers

International approaches to government funded,  
privately provided schools

### Research report

Laura Lewis  
Oli de Botton



*Nurturing a thousand flowers  
International approaches to government funded,  
privately provided schools*



## Welcome to CfBT Education Trust

CfBT Education Trust is a top 50 UK charity providing education services for public benefit in the UK and internationally. Established over 40 years ago, CfBT Education Trust now has an annual turnover exceeding £100 million and employs 2,300 staff worldwide who support educational reform, teach, advise, research and train.

Since we were founded, we have worked in more than 40 countries around the world. Our work involves teacher and leadership training, curriculum design and school improvement services. The majority of staff provide services direct to learners: in nurseries, schools and academies; through projects for excluded pupils; in young offender institutions and in advice and guidance centres for young people.

We have worked successfully to implement reform programmes for governments throughout the world. Government clients in the UK include the Department for Education (DfE), the Office for Standards in Education, Children's Services and Skills (Ofsted), and local authorities. Internationally, we work with education ministries in Dubai, Abu Dhabi and Brunei among many others.

Surpluses generated by our operations are reinvested in educational research and development. Our research programme – Evidence for Education – aims to improve educational practice on the ground and widen access to research in the UK and overseas.

Visit [www.cfbt.com](http://www.cfbt.com) for more information.

The views and opinions expressed in this publication are those of the authors and do not necessarily represent the views of CfBT Education Trust.

© Copyright CfBT 2011



## Contents

Executive summary	3
1. Introduction	5
2. Choice, voice and competition	10
3. Standards, quality assurance and intervention	17
4. Innovation and securing scalability	23
5. Conclusions and recommendations	28
Bibliography	30
Annex A: List of interviewees	32
Annex B: Diagrammatic representation of the New Orleans public school system	33



## Acknowledgements

This report would not have been possible without the time given to us by our interviewees (who number over 20). Many of them are running outstanding schools and school systems and we are incredibly grateful for their input (for a full list of interviewees please see Annex A). In particular we would like to thank Harry Patrinos at the World Bank who reviewed our work and put us in touch with educators around the world.

## About the authors

**Laura Lewis** joined CfBT Education Trust from McKinsey and Company in early 2009 and is a leading expert on global education systems, with a particular interest in benchmarking and system transformation. At CfBT Laura has worked with the Ministry of Education in Oman, the International Finance Corporation and the Asian Development Bank. Laura is currently working with the World Bank on its 'System Assessment Benchmarking for Results' programme (SABER) as well as an online toolkit for private sector engagement with education. The toolkit has been developed to support policy makers in exploring the potential role for non-government organisations in improving student outcomes.

**Oli de Botton** is a senior consultant at CfBT and has wide-ranging experience in the education sector. He is a former senior manager at a London comprehensive school and a graduate of the Teach First scheme. He has conducted a number of evaluations on behalf of England's education department as well as discrete research into early childhood programmes. At CfBT he has worked on school design methodologies and system reform and has supported schools and education ministries in the United States and the Middle East.

### **Key definition: government funded, privately provided**

Although there is debate about exact definitions, in this paper we have used the catch-all term 'government funded, privately provided' to refer to the schools under discussion. By this we mean schools that receive funding from the Government (either as a per-pupil amount or through subsidy, grant or vouchers) but which provide education as private organisations. This provision can be, and is, operated by a number of non-state groups (businesses, teachers, charities etc.).



## Executive summary

Schools that are government funded and privately provided are growing in size and influence around the world. From New York to Shanghai, and from London to Stockholm, existing schools are being released from government control and new schools are being run by non-state providers.

This growth builds on long-standing traditions. In New Zealand private providers have been embedded in the state system for over 20 years; in the Netherlands and Denmark they have been in place for more than 80 and 150 years respectively. These providers are often diverse, including social enterprises, trade unions, parent-led groups, not-for-profits, faith organisations and businesses.

This paper seeks to examine how policy makers and providers operate successfully within the context of these supply-side reforms. We focus on the role of regulation and provider management; we do not seek to explore the rights and wrongs of the reforms themselves.

The structure of our paper follows a framework designed by Lewis and Patrinos (2011). The framework, which is based on a number of international studies, highlights key characteristics of systems that effectively host private, government funded providers, including:

- The promotion of **choice and voice**, giving parents high quality school options and the ability to actively engage in school based management
- A **competitive environment** which is responsive to parental demand but caters for children from all backgrounds
- Accountability structures that set high **standards** and have the capacity to **intervene** where there is underperformance
- Highly **autonomous** schools with the freedom to innovate
- The capacity to **scale up innovation** quickly and efficiently
- **Transparency** in all aspects of reform
- Clear democratic oversight through the **political process**

The framework (presented on page 6 in Diagram 1) provides the themes for our study.

Our research included a literature review and a series of interviews with policy makers and school providers (see Annex A for a list of interviewees). We have used specific case study examples from the Netherlands, New Zealand and the US. These countries were selected because they have employed different models to diversify supply and provide a wide breadth of evidence. We have also included examples from England, Sweden, Korea and Denmark where relevant to the discussion.

Based on our research, we conclude that:

- effective reform requires effective, responsive and tailored regulation
- reforms are successful if school providers use their autonomies to target specific needs and have the capacity to scale up good practice.



Our recommendations are aimed at education policy makers and school operators interested in the reform process.

### **For policy makers:**

1. If reform is to expand choice for all families, policy makers should:
  - Actively promote new provision where there is currently limited choice and standards are low
  - Put in place systems to disseminate performance information about all schools, including private provision, within a common framework
  - Remove barriers to entry including admissions criteria based on proximity to the school
  - Put in place progressive financing that ensures schools compete for disadvantaged pupils.
2. As reform becomes embedded, policy makers should encourage high quality provision to grow whilst ensuring school chains do not become monopolies acting in their own self-interest. This may require regulatory frameworks akin to other industries.
3. Systems need authorising frameworks that have sufficient flexibility to approve innovative and diverse educational models. Using a range of non-government authorisation bodies can contribute to achieving this goal.
4. The process of approving, renewing and closing government funded, privately provided schools should be independent and transparent. Accountability systems need to be targeted in order to protect school autonomy, but robust enough to intervene where there is real and sustained failure.
5. Effective and systemic intervention often involves policy makers working with a wide range of partners (including high performing schools and non-government actors).

### **For school operators:**

1. School operators should seek to generate economies of scale through efficient back-office procurement and sharing of best teaching practice.
2. Looking ahead, successful school chains should play a greater role in training leaders for their schools and for the system as a whole.





*The high autonomy, high accountability model has garnered a degree of consensus.*

## 1. Introduction

### 1.1 Context

Government funded, privately provided schools are a growing feature of education systems around the world.

- In America, Charter Schools are growing at a rate of 15% a year. In Washington DC over a third of schools are government funded and privately provided; in New Orleans around 65% of schools are now Charters.
- In the Netherlands, over 70% of children attend government funded, privately provided schools.
- In Korea almost a quarter of middle schools and nearly a half of high schools are private and government funded.
- In New Zealand, approximately 14% of all enrolments are in government subsidised private schools.
- In England the new government has embarked on a set of reforms to allow schools to be set up by new providers (free schools) and existing schools to gain additional freedoms (academies).

This growth means policy makers are grappling with how to ensure private providers deliver on their strategic goals. Increasingly they are becoming regulators of the 'market' rather than managers of provision.

School reforms are rationalised differently by policy makers with different political persuasions. Some emphasise the ability of new providers to spark innovation, challenge disadvantage and increase accountability. Others champion the themes of competition, choice and markets (quasi or full blooded). Both want to see a system where government funded schools are not always government run.

The high autonomy, high accountability model has garnered a degree of consensus. Where countries have embarked on reform, the broad direction of travel has generally survived a change of government. Despite succeeding parties of different political hues, both Arne Duncan, President Obama's Education Secretary and Michael Gove, the UK Education Secretary, have built on Charters and Academies respectively.

Much research has been conducted to measure the impact of these reforms, particularly focused on Sweden, the US and England. However less attention has been paid to similar efforts in other countries. In the Netherlands, for example, private government funded provision has been part of the landscape since 1917, whilst in Denmark equal funding for private schools was introduced in 1848.

Equally, while the focus of research has rightly been on student outcomes at the classroom level, there remains a need to understand systems and processes at the policy and regulatory level. In America, for example, there is a wide variation of charter laws across the states, which produces different results on the ground. There are often state-specific rules for entry, exit and quality assurance, as well as different expectations in terms of profit making and school funding. This has resulted in wide variations in the quality of both the authorisers and the schools they authorise.

<sup>1</sup> RAND Corporation (2009) *Charter Schools in Eight States: Effects on Achievement, Attainment, Integration, and Competition*. <http://www.rand.org>; Böhlmark, A. and Lindahl, M. 'The Impact of School Choice on Pupil Achievement, Segregation and Costs: Swedish Evidence'. Discussion Paper No. 2786, May 2007 [www.iza.org](http://www.iza.org); Report by the Comptroller and auditor general HC 288 Session 2010–2011 10 September 2010 (NAO) *et al.*



*Accountability structures that set high standards and have the capacity to intervene where there is underperformance*

Within this context, this research seeks to achieve two goals:

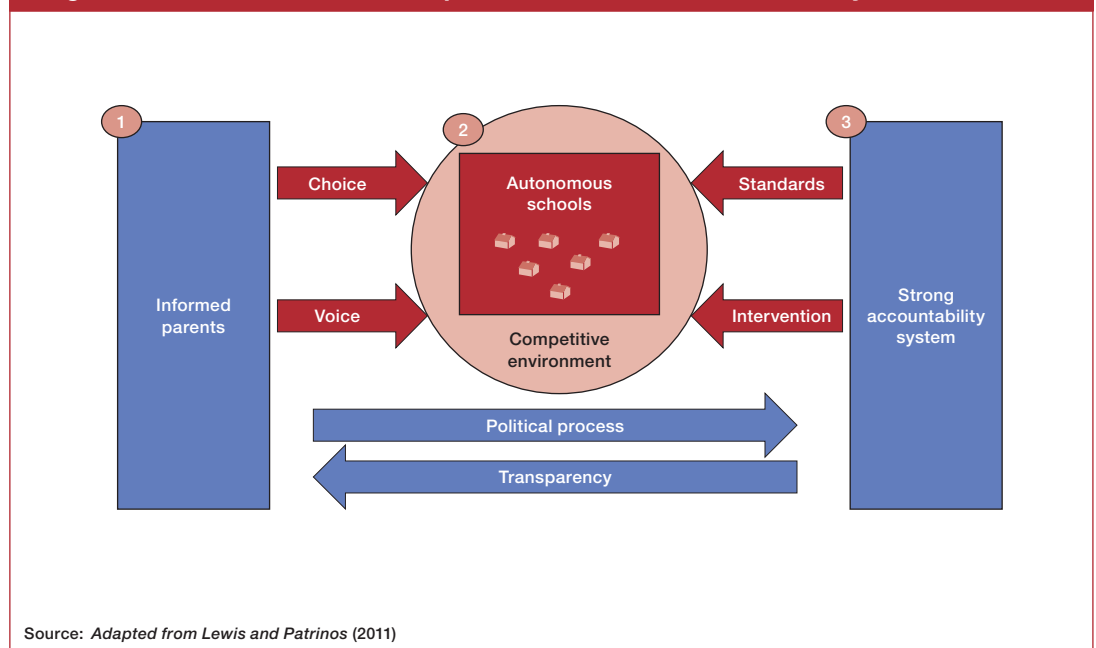
- To add to the evidence base by expanding the number and scope of international examples
- To consider the effectiveness of different regulatory and delivery models.

The structure of our paper follows a framework designed by Lewis and Patrinos (2011). The framework (see Diagram 1) describes effective systems of school provision where non-government providers operate. It builds on system analysis outlined by Schlier and Stewart (2010), OECD (2010), Patrinos *et al.* (2009), and the World Development Report 2004 (World Bank 2003).

Key characteristics for effective systems that host private, government funded providers include:

- The promotion of **choice and voice**, allowing parents both ‘to vote with their feet’ and actively engage in school based management
- A **competitive environment** which is responsive to parental demand but caters for children from all backgrounds
- Accountability structures that set high **standards** and have the capacity to **intervene** where there is underperformance
- Highly **autonomous** schools with the freedom to innovate
- Capacity to **scale up innovation** quickly and efficiently
- **Transparency** in all aspects of the reforms
- Clear democratic oversight through the **political process**

**Diagram 1: The framework which provides the themes for this study**







*The United States represents the largest growth area for government funded, privately provided schools in the world...*

This report is primarily aimed at policy makers as they design and deliver systems that encourage effective government funded private provision. There may also be insights for school operators as we explore how providers deliver within different frameworks.

We do not seek to explore different funding models (although we make some reference in Section 5.) Discussions about financing, including capital, are often protracted, politically charged and country specific.<sup>2</sup> In the US, for example, there is a mix of private and government investment; in England and the Netherlands the system is overwhelmingly funded out of the public purse. We do not have the space here to explore these issues in detail.

## **1.2 International case studies**

We selected three countries for our evidence gathering: the Netherlands, New Zealand and the US. We have also included examples from England, Korea, Denmark and Sweden where relevant to the discussion. These countries were selected for the following reasons:

- Each country has sought to diversify the government funded supply of schools, albeit at different times, and they have used different models.
- The Netherlands and New Zealand consistently perform above average in international measurements of academic performance, particularly in the OECD PISA assessments.<sup>3</sup>
- The United States represents the largest growth area for government funded, privately provided schools in the world and, owing to its federal structure, provides a number of different regulatory and delivery models. We have used examples highlighting effective practice across the country and have not sought to narrow our work to one or two jurisdictions.

Table 1 on page 8 provides a brief overview of each of these countries' reform models, the details of which are discussed further in subsequent sections. For reference, we have also included an overview of the current position in England.

## **1.3 Methodology**

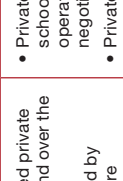
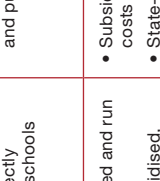
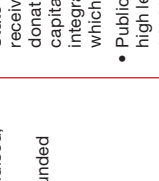
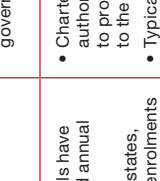
This research was carried out in three phases:

1. A literature review was conducted examining supply-side reforms around the world, drawing on international research from organisations such as the OECD and the World Bank as well as country-specific literature.
2. Case study countries were selected on the basis of the effectiveness of their systems and availability of literature.
3. Interviews were conducted with regulators, school authorisers and chain and school operators. Most interviewees were based in case study countries and jurisdictions, but not all. (A list of interviewees is at Annex A.)

<sup>2</sup> [http://www.policyexchange.org.uk/images/publications/pdfs/BLOCKING\\_THE\\_BEST-HDS\\_Web.pdf](http://www.policyexchange.org.uk/images/publications/pdfs/BLOCKING_THE_BEST-HDS_Web.pdf) vs. <http://www.teachers.org.uk/node/12451>

<sup>3</sup> [http://www.oecd.org/document/2/0,3343,en\\_32252351\\_32236191\\_39718850\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/2/0,3343,en_32252351_32236191_39718850_1_1_1_1,00.html)



Countries	Reform and funding model	Size and scale	Key features
<p><b>The Netherlands Vouchers</b></p> 	<ul style="list-style-type: none"> <li>The majority of schools are government funded and privately operated</li> <li>Equal funding between government run and independent schools since 1917, although all schools must be not-for-profit</li> <li>Weighted funding for disadvantaged groups, up to 1.9 times compared to average</li> </ul>	<ul style="list-style-type: none"> <li>Most children attend government funded private schools (over 70%), with an upward trend over the past 50 years</li> <li>Almost 70% of schools are administered by private school boards, many of which are religious. Private school boards are directly accountable to the government for the schools they oversee</li> </ul>	<ul style="list-style-type: none"> <li>Private school boards can control up to 60 operate non-instructional services such as wage negotiations, budgeting and procurement</li> <li>Private school boards can control both private and public schools</li> </ul>
<p><b>New Zealand Subsidies</b></p> 	<ul style="list-style-type: none"> <li>Variable government subsidies for private schools introduced in 1970</li> <li>Budget for private school subsidies of 40 million NZD, increased by 10 million NZD in 2010 by new government</li> <li>Government subsidised private provision designed to increase choice was introduced alongside the abolition of catchment areas</li> </ul>	<ul style="list-style-type: none"> <li>86% of enrolments in government owned and run schools</li> <li>10% of enrolments in government subsidised, private schools</li> <li>4% of enrolments in non-government funded private schools</li> </ul>	<ul style="list-style-type: none"> <li>Subsidy for privately owned schools up to 35% of costs</li> <li>State-integrated, privately operated schools receive 100% of revenue funding but can ask for donations and charge attendance fees to cover capital costs. Most religious schools are state-integrated, as are designated character schools which have distinct approaches</li> <li>Publicly funded and owned schools already have high levels of autonomy owing to the abolition of government run local school boards in 1989</li> </ul>
<p><b>US Charter Schools</b></p> 	<ul style="list-style-type: none"> <li>Publicly funded, private charter schools first introduced in 1988</li> <li>Funding decided at the state level but generally remains below levels for traditional public schools (at approximately 61%). Some estimate the differential to be 12,018 USD vs. 8,001 USD per pupil per year</li> </ul>	<ul style="list-style-type: none"> <li>Since their introduction, Charter Schools have continued to increase with a compound annual growth rate of 15%</li> <li>In 2009 there were over 5000 across 40 states, which accounts for just under 3% of all enrolments</li> <li>However there is regional variation; in Washington DC Charters account for 31% of all schools</li> </ul>	<ul style="list-style-type: none"> <li>Charter Schools are accountable to their authoriser – usually a state or local school board – to produce positive academic results and adhere to the terms of the charter</li> <li>Typically a charter school contract is reviewed every three to five years and to date over 12% have been closed</li> <li>Charter School chains that manage a number of schools have emerged. Some are for profit and some are not-for-profit. Not-for-profits are often supported by philanthropic funding</li> </ul>
<p><b>England Academies/Free Schools</b></p> 	<ul style="list-style-type: none"> <li><b>Pre May 2010:</b> Government funded private high schools (Academies) designed primarily to tackle disadvantage</li> <li><b>Post May 2010:</b> All schools can apply to achieve independent status (with certain caveats) and new autonomous free schools can be set up in response to local demand</li> <li>Equivalent funding for private government funded schools which must be not-for-profit</li> </ul>	<ul style="list-style-type: none"> <li>203 pre-May 2010 academies, just under 6% of all high schools (including the privately run and owned sector which accounts for approximately 7% of schools)</li> <li>32 post-May 2010 academies opened in September 2010. By September 2011 there are expected to be 600 overall</li> <li>11 free schools set to open in September 2011</li> </ul>	<ul style="list-style-type: none"> <li>Pre May 2010 academies received funds for new buildings and often considerable start-up funding</li> <li>A small number of school chains have developed and dominate government funded private provision (e.g. ARK, Harris, ULT and E-Act). Most are now seeking to open new free schools</li> </ul>



## 1.4 Report structure

In the following sections we explore various aspects of reform with reference to our case studies and in line with our review framework (see above).

In Section 2 we detail how different countries and jurisdictions have sought to ensure **choice**, **control and voice** for all parents and **competition** between providers. We examine policy interventions designed to prevent information asymmetries and monopolistic practices.

In Section 3 we explore how systems have embedded strong accountability and **high standards** through **quality assurance** and **intervention** mechanisms.

In Section 4 we highlight when and how new autonomous providers are bringing **innovation** to the system and how they are **scaling up** to generate efficiencies. We also touch on the emergence of chains of school providers.

In Section 5 we set out our **conclusions and recommendations**.

In Sections 2, 3 and 4 specific examples of best practice policies and organisations are highlighted in boxes and diagrams.



## 2. Choice, voice and competition

*Politicians have viewed families as consumers of education who need a diverse range of options and the ability to 'vote with their feet'.*

### 2.1 Introduction

One of the main drivers for the introduction of private, state funded provision has been a desire to expand parental choice. Politicians have viewed families as consumers of education who need a diverse range of options and the ability to 'vote with their feet'. In this context choice is a means both of meeting parental demand and driving up standards as schools compete for students (although it should be noted that the evidence for the overall impact of competition between schools is long and contested).<sup>4,5</sup>

Policy makers have approached the choice imperative in different ways. Some have introduced new provision (e.g. Sweden, Denmark, America and now England) whilst others have opened up admissions arrangements (e.g. New Zealand). Some have encouraged competition through greater autonomy for existing schools (e.g. England) and others have supported private schools into the government funded sector, often using vouchers or subsidies (e.g. the Netherlands, Korea, Denmark, New Zealand).

This section explores, through a series of case studies, the strategies that policy makers have used to expand choice and competition within the context of supply-side changes. It also touches on mechanisms for expanding parental voice and influence over private provision.

### 2.2 Choice and voice

Opponents of reform often claim that the expansion of choice entrenches disadvantage as new schools become the preserve of the privileged. Indeed there is some evidence from Sweden that indicates pockets of social segregation linked to background<sup>6</sup> or parental income<sup>7</sup> in 'free schools'. There is also evidence from the Danish system of 'skimming', whereby more advantaged students leave the public school system to attend new private schools.<sup>8</sup>

Our case study countries and jurisdictions have dealt with this challenge in a number of ways.

#### Open admissions and informed choice

New Zealand is often held up as either a *cause celebre* or a cautionary tale when looking at supply side reform.<sup>9</sup> As highlighted in Section 1, a succession of policies, introduced in the late 1980s and 1990s, were designed to re-shape the system. Reforms included:

- High autonomy for individual schools, with the dismantling of local government control
- The integration of private schools into the government funded sector. These schools were allowed to maintain their special character (e.g. religion or education philosophy)
- The end of geographically defined admissions areas so children were not 'trapped' in areas of disadvantage as is often the case in England.<sup>10</sup> ('Zoning' has since been re-introduced in limited form with students guaranteed a place in their local school but admissions remain more open than England or America.)<sup>11</sup>

<sup>4</sup> Burgess, S. & Briggs, A. (2006)

<sup>5</sup> Anderson, S. and Serritzlew, S. (2006)

<sup>6</sup> Böhlmark, A. and Lindahl, M. (2007)

<sup>7</sup> Swedish National Agency for Education (2006)

<sup>8</sup> Nannestad (2004)

<sup>9</sup> LaRocque (2005)

<sup>10</sup> Burgess, S. and Briggs, A. (2006)

<sup>11</sup> LaRocque (2005)

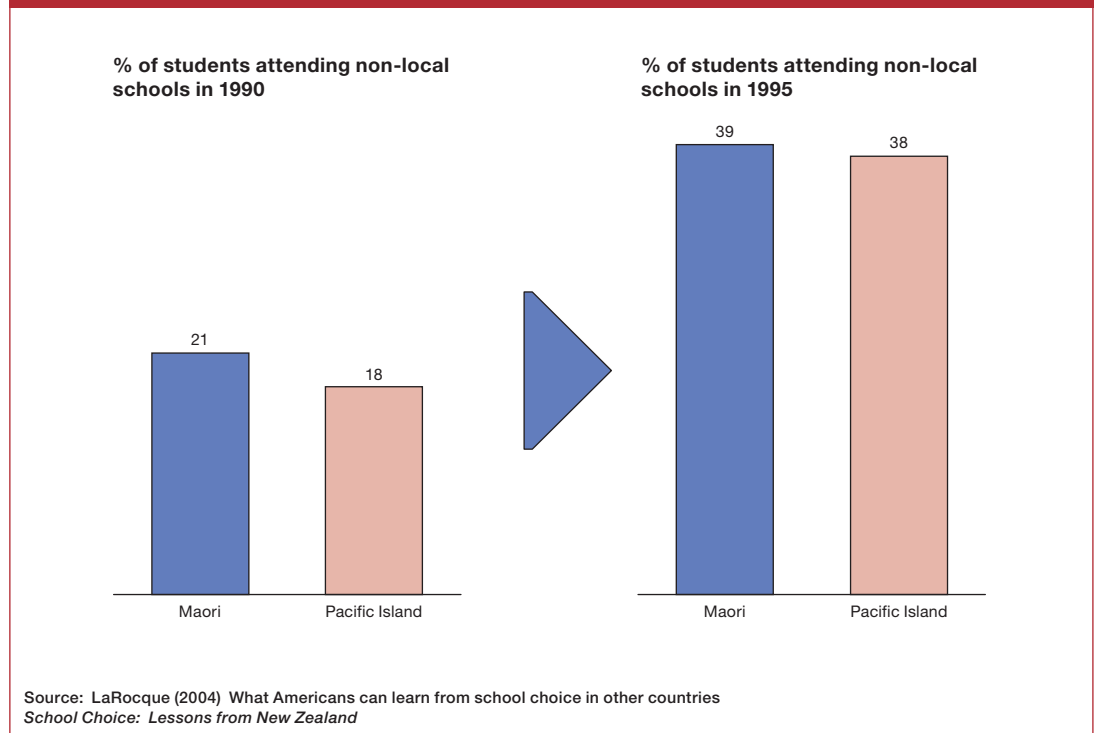


Removing the geographical component of choosing a school allowed more disadvantaged communities an opportunity to access provision...

- State subsidies for some private schools
- The creation of Kura Kaupapa Maori (schools where teaching is in the Maori language and based on Maori culture and values) and designated character schools.

Taken together these reforms have significantly expanded choice.<sup>12</sup> New Zealand academic Norman LaRocque has commented that these changes ‘allowed students from poor families to escape underperforming schools that had remained resistant to previous school improvement efforts.’ Specifically, the numbers of traditionally disadvantaged Maori and Pacific Island families attending schools outside their neighbourhood nearly doubled in the early 1990s<sup>13</sup> (see Diagram 2 below).

**Diagram 2: School choice used by traditionally disadvantaged Maori and Pacific Island families**



Our interviewees disagreed about whether the reforms had improved student outcomes as a whole (although New Zealand performs well on international tests such as PISA).<sup>14</sup> However they asserted two factors as key to expanding choice:

- **Open admissions:** Removing the geographical component of choosing a school allowed more disadvantaged communities an opportunity to access provision (government and private) in more affluent areas (which tended to be more effective).<sup>15</sup> This mirrors reform efforts in the Netherlands where there is no geographical component to admission. In Charter Schools admission by lottery is routine. In Korea students are assigned randomly within geographic areas.

<sup>12</sup> Harrison (2004)

<sup>13</sup> LaRocque (2004)

<sup>14</sup> [http://www.oecd.org/document/2/0,3343,en\\_32252351\\_32236191\\_39718850\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/2/0,3343,en_32252351_32236191_39718850_1_1_1_1,00.html)

<sup>15</sup> Sutton Trust (2006)



*DPSD actively increased the options available to parents by introducing new, high quality schools in areas where standards were low and choice was limited.*

- **Information dissemination:** The Education Review Office (ERO) is an arms-length body that supports parents and families by:
  - highlighting and collating performance data from all schools (private, government etc.)
  - spreading information about the different character of schools in the diverse New Zealand system.

### **Box 1: Promoting choice through information dissemination**

#### **The Education Review Office (ERO), New Zealand**

The ERO supports choice in three specific ways:

##### **1. Common national process for admissions**

National guidance takes parents through a four-step process:

##### **New Zealand's Education Review Office Guidance Process for Parents**



Each step of the process is supported by a wealth of easily accessible information and live data.

##### **2. Integrated inspection system that allows comparison between all types of schools, including privately owned and run schools**

A common framework looks at five key areas in all schools: student learning (achievement and progress), school culture and ethos, leadership, teaching, parental engagement and governance. Inspection reports are published online, making the ERO website one of the most popular in the country. Details about enrolment areas are also available on the website at <http://www.ero.govt.nz/>.

##### **3. Transparent processes in case of oversubscription**

If families do not get their first choice, children are guaranteed a place in their local school. Oversubscription criteria for out of area schools are determined by order of preference including engagement with special programmes for disadvantaged students or siblings at the school.

Source: ERO

### **Directing new provision into areas of disadvantage**

The Denver Public School District (DPSD) in the United States went further than opening admissions and spreading information. DPSD actively increased the options available to parents by introducing new, high quality schools in areas where standards were low and choice was limited. Their approach was defined by:

- a rigorous methodology for assessing need
- the direction of additional provision (largely Charter Schools) into areas of disadvantage.<sup>16</sup>

Box 2 on page 13 details the DPSD approach and demonstrates that policy makers may need to be directive in order to ensure a level playing field. DPSD's desire to provide more choice to underserved communities required a framework that prioritised educational disadvantage.

<sup>16</sup>National Association of School Authorisers (2009)





*Autonomous schools can respond to local parental pressures without recourse to other organisations.*

## Box 2: Expanding choice through new provision

### Denver Public School District (DPSD)

In 2008, DPSD set out to quantify the need for better performing schools in the city. It achieved this by collecting information on the number, capacity and location of schools that met performance framework standards; and the profiles of children enrolling in these high-performing schools. The District then mapped high performing public, charter and other schools to identify areas where choice was limited.

After analysing the data DPSD resolved to:

- **Focus school reform efforts in the zones ranked in the bottom three in terms of school performance.** The District decided that charters should be used to address demand in these communities as a better alternative than under-performing public schools.
- **Expand Denver's elementary capacity, ensuring new providers are high quality.** In 2009 the District created an additional 10,000 places and resolved that 20 new schools be delivered by 2014. As noted above, charters were seen as an important part of the solution, especially when they were focused on meeting the needs of children who did not have a high quality neighbourhood option.
- **Improve support for Hispanic students (an underperforming group) by targeted communication to those communities on new school provision** as well as by locating high performing school options in Hispanic neighbourhoods.

Source: *NACSA and IFF Locating Quality and Access: The Keys to Denver's Plan for Education Excellence*

As a result of this approach to expanding choice, Charter Schools were scaled up, particularly in the poorer areas of Denver. The respected state-by-state CREDO study of Charter Schools (Stanford University, 2009) highlighted that this led to 'significantly higher learning gains for charter school students than would have occurred in traditional schools.'

### Parental control over new provision

Interviewees highlighted that parental voice over and engagement with private provision was key to delivering effective reform. Parental voice gives new provision legitimacy and ensures schools meet the needs of the families they serve. This is supported by an overwhelming weight of academic evidence that suggests involving parents in the life of the school improves levels of achievement, particularly amongst children from disadvantaged backgrounds.<sup>17</sup>

Policies that expand school based management and provide for greater autonomy at the front-line often enhance parental voice and control. Autonomous schools can respond to local parental pressures without recourse to other organisations. School based management is increasing in many countries (e.g. Australia, Hong Kong, Mexico etc.) even where there are not private providers in the systems. The evidence suggests that these arrangements lead to tighter and more meaningful accountability arrangements.<sup>18</sup>

Some policy makers have sought to enhance parental engagement beyond school based management. In America, Charter Schools often need to be proposed by communities and parents in certain areas. These groups then partner with charter management organisations to deliver the school itself.

This is an approach echoed by the introduction of Free Schools in England. These schools can not only be proposed by groups of parents, they can also deliver the school should they wish

<sup>17</sup> <http://www.dcsf.gov.uk/research/data/uploadfiles/DCSF-RR034.pdf>

<sup>18</sup> World Bank (2011)



*In England there is currently a single authoriser for new schools and the transfer of existing schools, the Department for Education.*

(although in reality they may also decide to partner with an organisation.) It is too early to judge the effectiveness of this model but it certainly seeks to encourage strong parental voice over reform.

### **2.3 Competition**

New and innovative schools, competing with each other for pupils, promote parental choice. The conditions for competition can be developed through:

- approval of diverse and innovative provision
- increasing the supply of places (as in Denver) or deliberately generating over-supply
- funding mechanisms that encourage schools to compete for pupils (particularly those who are 'hard to teach').

#### **Flexible approvals processes**

How new schools are authorised, naturally, has an impact on their character and diversity. In England there is currently a single authoriser for new schools and the transfer of existing schools, the Department for Education. In the Netherlands, schools themselves, accustomed to enhanced freedoms, are increasingly making their own decisions to transfer to different ownership.

In America there is a mixed market in school authorisation. Authorisers include traditional government school districts (e.g. Denver), not-for-profit organisations (e.g. Volunteers for America in Minnesota), universities (e.g. in New York and Michigan) and state education agencies (e.g. Massachusetts and Georgia).

Some states have found that having more than one authoriser in their jurisdiction helps to scale up private and diverse provision. More than 80% of all Charter Schools are in states where there are multiple authorisers.<sup>19</sup> New York State, for example, has multi-authorisation capacity and is home to a range of private providers offering a number of education approaches. Schools authorised include:

- Charters attached to the Harlem Children's Zone (which offers a holistic approach to raising achievement with wrap-around developmental support for families)
- Voice Charter School (which offers high quality choral support) and
- an Uncommon Charter School (which devolves autonomy to school principals to innovate).<sup>20</sup>

Although interviewees emphasised the importance of a standard process for authorisation (see Section 3 for more detail), they highlighted that diversity relied on a flexible framework, able to approve a range of high quality schools.

Interviewees also reported that diversity was fostered if there were no caps on the number of new schools that could be approved. This notion remains controversial, particularly in times of financial difficulty. Nevertheless, the Centre for Education Reform, which compares American states on their ability to foster diversity and competition within the context of Charter Schools, highlights that states with the most diversity and competition have:

- multiple authorisers
- no cap on the number of charters
- processes to protect the autonomy of schools (discussed further in Section 4).

<sup>19</sup> <http://www.edreform.com>

<sup>20</sup> <http://nyccharterschools.org/learn/about-charter-schools/maps-a-locations>



*Policy makers have put in place additional funding interventions to ensure private providers are competing for all students, not just those from certain backgrounds.*

### **Competition for students through financing mechanisms**

To encourage schools to compete for pupils, all the systems we looked at have financing mechanisms where funding allocations follow the pupil. This means that should a child decide to move to a new school, their funding goes with them.

Policy makers have put in place additional funding interventions to ensure private providers are competing for all students, not just those from certain backgrounds. In England the Government has just introduced the pupil premium which provides greater per-pupil allocations for children eligible for free school meals. In the Netherlands weighted funding for disadvantaged groups is up to 1.9 times compared to average.<sup>21</sup>

Interviewees felt that differential funding in the Netherlands had contributed significantly to their strong performances in international tests (combined with other choice-enhancing policies). Specifically, the fact that Dutch students whose mothers have limited education do better on PISA tests than comparable students in other OECD countries was seen to be linked to progressive financing.<sup>22,23</sup> The Korean system, where poorer children are exempted from any tuition fees, has a similarly narrow achievement gap.

### **Prevention of monopolies**

A competitive system, fostering a diverse range of providers is necessary to prevent monopolies developing. This is crucial when considering that part of the rationalisation for reform has been to break the state monopoly on running schools.

In the Netherlands, the creation of monopolies has recently become a live issue, with a small number of private school boards administering increasingly large chains of private and government run schools. 81% of all students are in schools governed by large private school boards (5–30 schools). School boards of over 30 schools now cater for 12% of all students.

To combat this, the central government is considering measures to stimulate greater competition. Specifically they are planning to institute a ‘merger test’ akin to similar regulatory tests in other industries. A bill currently before Parliament sets out guidelines that any provider should not control more than 50% of schools in any given region.

However, there is a careful balance to be struck here. As we highlight in Section 4, large school chains can bring significant economies and be effective at sharing best practice. In the past, Dutch policy makers and schools themselves have preferred large professionally run school boards to small, volunteer led ones (which have often administered weak schools).

These are questions that other systems will face soon as their ‘markets’ mature and policy makers may need new regulatory instruments. Private state funded provision has been a part of Dutch schooling since 1917 so they are very much at the vanguard of reform.

<sup>21</sup> De Vijlder (2001)

<sup>22</sup> Ladd and Fiske (2009)

<sup>23</sup> Patrinos (2010) has also shown that ‘private school attendance is associated with higher test scores. Private school size effects in maths, reading, and science achievement are 0.17, 0.28, and 0.18. Results also showed that the mothers of private school students are slightly less well educated than the mothers of students in public schools. Therefore, one possibility is that the true private school effect operates via the value it adds for students from relatively less well-off backgrounds.’



## **2.4 Conclusion**

By examining how countries have sought to expand choice, voice and competition we found that best practice rested on:

- Opening up admissions arrangements to ‘level the playing field’ for all families
- Having transparent admissions arrangements and sharing performance information about all schools widely
- Directing new provision into areas of disadvantage and/or low standards
- Embedding flexible approvals processes so provision is diverse
- Instituting progressive funding mechanisms that prioritise disadvantaged pupils
- Preparing regulation to prevent monopolies developing.

In the next section we explore how different systems have structured their accountability arrangements.



## 3. Standards, quality assurance and intervention

*'Our role is to ensure that once standards are met, schools are allowed to be very autonomous.'*  
CEO, District of Columbia Public Charter School Board

### 3.1 Introduction

Interviewees highlighted that where reforms were successfully implemented a high degree of accountability was fostered by regulators and policy makers. This was seen to emanate from a number of factors:

- The tightly 'contractual' basis on which new schools were founded
- The quality assurance and intervention strategies put in place by regulators
- The ability of new providers to set their own terms and conditions for staff and thereby remove underperforming teachers

This section highlights how different systems have sought to guarantee high standards through effective approaches to quality assurance and intervention.

### 3.2 Quality assurance

We have already discussed in Section 2 how the Education Reporting Office in New Zealand seeks to drive accountability through information dissemination. The District of Columbia (DC) successfully combines this approach with a rigorous methodology for quality assuring its Charter Schools.

#### Exacting standards

DC has a permissive regulatory environment for supply-side reform with the second highest proportion of Charter Schools (31.6%) in the country, educating 22,000 students. The scaling up of provision has required increased authorisation and quality assurance capacity to ensure poor providers do not 'slip through the net'. This has primarily been delivered through the District of Columbia Public Charter School Board (DCPCSB).

The mission of the DCPCSB is to support a high accountability, high autonomy network of schools. As Josephine Baker, their executive director, told us, *'Our role is to ensure that once standards are met, schools are allowed to be very autonomous. While we provide strong oversight we do not infringe on their autonomy. We also have a responsibility to close schools if necessary. It's not an easy thing to do but the right thing.'*

Set out in Box 3 on page 18 is DCPCSB's comprehensive approach to quality assurance covering charter approval, renewal and performance reporting. Their systems were re-shaped in 2009 to deal with the growing number of Charter Schools in the district and concerns from parents and politicians about a lack of transparency when judging schools.

This approach to quality assurance has been combined with other reforms designed to improve standards across government schools. Michelle Rhee, until 2010 the DC schools' chancellor, introduced stronger teacher accountability with philanthropy-funded performance bonuses and greater freedom to dismiss practitioners.



*Much like recent reforms in England, the new quality assurance system is defined by a risk-based approach.*

### **Box 3: A comprehensive and transparent approach to quality assurance**

#### **DCPCSB, Washington DC**

In 2009 DCPCSB received philanthropy funding from the Gates and Dell Foundations to design and implement a new accountability framework. The brief for the project included charter school reporting, application and renewal.

Working with Boston Consulting Group, DCPCSB designed a uniform charter school performance reporting system covering: curriculum and standards; instruction; assessment; school climate; governance and management; financial management; and performance levels in reading and maths by grade level. Each area was designed with shared metrics and values so policy makers and parents could make comparisons across schools. The whole process was conducted in a collaborative way with schools actively engaged during the design, pilot and roll-out of the new system.

The application process was reformed at the same time to include provision for peer review, DCPCSB team analysis (particularly on financial assumptions) and specialist expert review e.g. early years advisers. Charter renewal also became more structured and transparent, and now involves the following stages:

1. Each school's application for charter renewal is scored against the following criteria: mission and vision statements; academic performance; governance, finance and compliance performance; the board of trustees; projected budget.
2. For each criterion the school is awarded a score between 1 and 4.
3. The sum of all points across all of the criteria is used to determine the school's overall score.
4. The overall score is the basis of a recommendation for renewal or non-renewal.

DCPCSB provides support to renewal applicants by employing a pool of technical experts to advise and challenge schools throughout the period of the charter. Support includes training on school review linked to the re-authorisation process and advice on student pastoral support. DCPCSB also highlights the evidence requirements for renewal and examples of best practice on its website.

Source: District of Columbia Public Charter School Board: <http://www.dcpubliccharter.com>  
District of Columbia Public Charter School Board 2010-2011 Charter Renewal Guidelines:  
<http://www.dcpubliccharter.com/data/images/2010%20charter%20renewal%20guidelines.pdf>

These reforms appear to have had a positive effect. Since 2007, all high schools have improved their standardised test pass rates by 14% in reading and 17% in maths, while elementary school pass rates have improved 6% in reading and 15% in maths. System-wide graduation rates also improved by 3%, up to 72% in 2009.<sup>24</sup> Charters appear to have been particularly effective in raising scores (Hoxby, 2004; DCPCSB, 2010).

#### **Inspection in proportion to risk**

In 2009 the Netherlands also introduced a new quality assurance system for all its schools (government and non-government run). A key feature of the new approach was the recognition that school boards (which are largely private) are the first point of contact for school inspectors. This is a significant development as it reflects how private management of a chain of schools has scaled up to become the central model for the system.

Much like recent reforms in England, the new quality assurance system is defined by a risk-based approach. The intensity of school inspection is proportionate to the level of weakness in the school. An overview of the approach is highlighted in Diagram 3 on page 19.

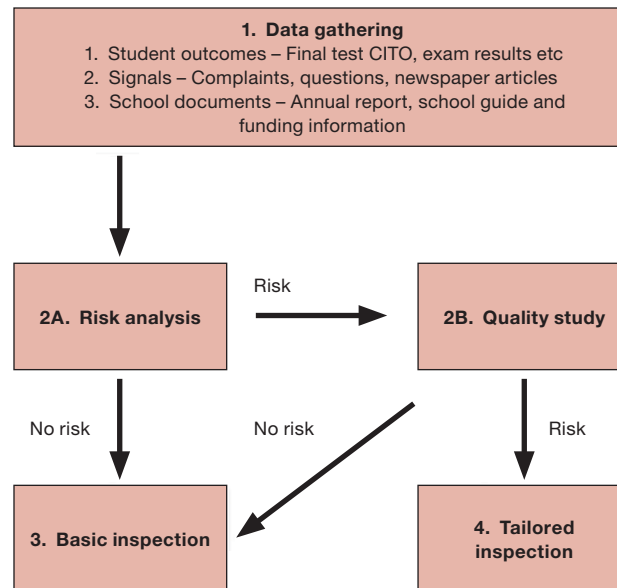
<sup>24</sup> <http://dcps.dc.gov/DCPS/In+the+Classroom/How+Students+Are+Assessed>





Inspectors conduct ongoing quality study visits to 'at risk' schools to assess the impact of improvement strategies and report on progress.

**Diagram 3: The Netherlands has introduced a new risk based inspection which adapts according to school need**



Source: *Risk-based Inspection as of 2009: Primary and secondary education*. Inspectorate of Education, The Netherlands

As demonstrated above, if a school is deemed 'at risk', with identified weaknesses, its inspection is more intense. Once a school is judged 'at risk' according to the data (1) and in light of the risk analysis (2A) the following steps are taken:

- School boards who administer 'at risk' provision are asked to draw up **improvement plans** with clear metrics and timescales that individual schools must commit to. This then forms part of the inspection agreement between the board and inspectors.
- Inspectors conduct ongoing **quality study** visits to 'at risk' schools to assess the impact of improvement strategies and report on progress. Results of study visits are posted on the inspectorate's website and the number of 'at risk' schools is reported to national ministers on a monthly basis. This information is also available to parents. After a study visit schools can be deemed to present 'no risk' if there is improvement. The school is then subject to a **basic inspection**, in line with other schools.
- After a maximum of one year inspectors conduct a final **tailored inspection** of persistently 'at risk' schools which determines whether the school is lifted out of the category or becomes unsatisfactory. (Unsatisfactory schools are forwarded to the Minister who makes a decision on further measures.)

'At risk' schools are provided with considerable support to improve performance. Education advisers are sent to a school within two weeks of being deemed 'at risk' to provide analysis of



*There is a co-ordinated human resource strategy to get the best teachers in front of New Orleans children.*

findings and also suggestions for improvements (this is separate from the inspections process). Leaders of these schools have a network of peer support and high performing schools are encouraged, with pots of government funding, to twin with 'at risk' schools and provide guidance.

### **3.3 Intervention**

The Dutch approach to quality assurance suggests that policy makers need monitoring mechanisms, support functions and ultimate sanctions to deliver effective accountability. In fact despite a belief in school autonomy, governments that have initiated supply-side reforms have retained significant intervention capability to combat low standards. In many cases the introduction of new provision itself has been a central part of the intervention strategy.

#### **Large scale intervention necessarily involves a wide range of partners**

An example of a comprehensive approach to intervention in a targeted area is the Recovery School District (RSD) in Louisiana. Administered by the Louisiana Department of Education State Board, the RSD has a primary focus on New Orleans and although set up in 2004, the year before Hurricane Katrina, it has, by necessity, scaled up very quickly since the disaster.

The RSD has overall responsibility for turning around poor-performing schools (charter and non-charter) transferred into its care on order of the State Board. Before Katrina five poorly performing schools in mostly disadvantaged areas of New Orleans were transferred into the RSD to improve management and outcomes. After the hurricane the State Board transferred over a further 102 schools, effectively taking control away from the existing city board (the Orleans Parish School Board – OPSB). Since then schools have left the RSD when their students reach above average performance on state-wide tests.<sup>25</sup>

To carry out its functions, the RSD has in place a number of intervention strategies:

- **Targeted support** for schools in response to areas of weakness identified by the State Board quality assurance system. For this purpose the RSD has technical assistance units covering instruction and curriculum, facilities, back office and finance. Recent support has focused on special educational needs.
- Support for the **transition to charter status** for schools inside the RSD and for new city-wide provision to meet demand. The State Board has seen Charter Schools as a key mechanism for improving performance and has therefore authorised a large number (over 60% of students in the city now attend a Charter School). Next year the RSD expects to have 47 charters and 23 traditional public schools in its remit (compared to an approximate 50/50 split the year before). The RSD continues to play a role in matching high performing charter operators with local communities and helping them through the approvals process (which is managed at the state level).
- **Proactive partnerships with Non Government Organisations (NGOs)** who supply best practice support in particular areas. Examples include the Louisiana Charter School Association which provides technical assistance on charter school law and advocacy; the University of Tulane's Cowen Institute which provides evidence-based research on effective teaching strategies; and New Schools for New Orleans which has been awarded federal funding (with the RSD) to provide guidance and support for setting up new charter schools (see diagram at Annex B for full details on partnerships).

<sup>25</sup> <http://www.rsda.net/Home.aspx>

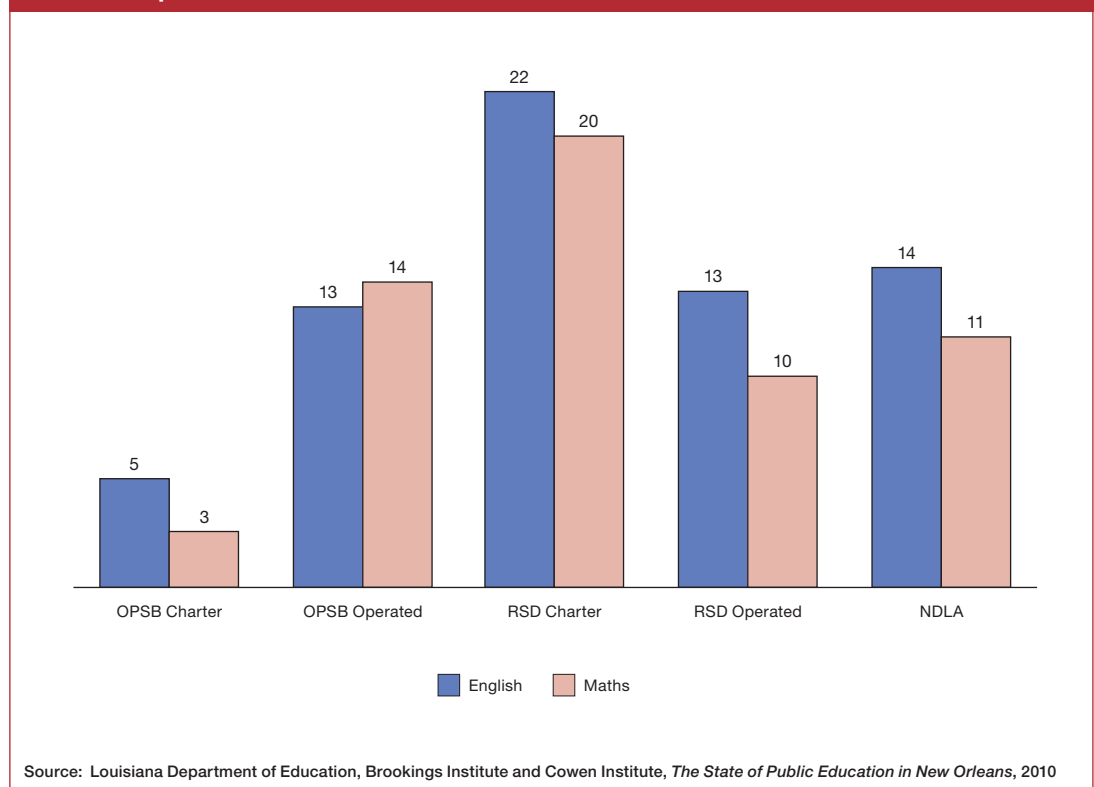


*The RSD also has a partnership with New Leaders for New Schools and Leading Educators.*

- **Co-ordinated human resource strategy** to get the best teachers in front of New Orleans children. In 2007 Teach for America, the training organisation that attracts high quality graduates into teaching, more than tripled the number of teachers it brings to the city each year. The RSD also has a partnership with New Leaders for New Schools and Leading Educators. The former aims to develop outstanding new principals with a mission to address educational disadvantage, the latter looks to support middle leaders with the same mission. The entrance of these organisations has been supported by the unusual autonomy afforded to New Orleans principals over the hiring – and firing – of teachers, since the city’s teachers’ union lost its collective bargaining rights in 2006.

School performance data suggests the RSD has been a success. The percentage of high schools in the city deemed to be failing has decreased from 71% in 2005 to 42% in 2010 (according to the State’s quality assurance system). There have also been increases in test score pass rates both for RSD charters and non-charters and in comparison with OPSB schools (see Diagram 4 below).

**Diagram 4: Increases in test score pass rates both for RSD charters and non-charters and in comparison with OPSB schools**



Problems still persist. New Orleans remains below the state average in terms of English and maths test scores and there is an insufficient number of high quality school providers to cope with demand, especially at the high school level. Greater school autonomy has left schools without a collective approach when it comes to procuring back-office services, leading to inefficiencies.



*Interviewees highlighted that policy makers need to retain strong intervention mechanisms for private provision, particularly in light of their high degrees of autonomy.*

Nevertheless the role of the State Board in imposing a new form of school management in the city has led to significant progress. Although using the high autonomy, high accountability model, it was government action that set the conditions for change. This demonstrates that quality assurance needs to be coupled with intervention when there is serious failure.

#### **Clear strategies for underperforming private schools**

Opponents of supply-side reform often criticise a perceived failure of policy makers to close failing private provision. Critics argue that politicians are too invested in the policy to deliver final sanctions. And there is some evidence to support this. A 2009 Center for Research on Education Outcomes (CREDO) study highlighted that charter authorities find it difficult to close underperforming charters.<sup>26</sup>

This further presses the case, highlighted above, for independent and robust authorisation and renewal processes. A good example is the State University of New York (SUNY) which monitors outcomes and has a strong track record of not re-authorising charters that are underperforming. Using a school evaluation methodology developed with other higher education institutions, it has not renewed eight out of the 72 charters it has approved.

Interviewees said critical to success was the accountability SUNY felt in relation to the schools it authorised. Its website highlighted that on the 2008-09 state exams in English language, arts and mathematics, SUNY authorised Charter Schools outperformed all non-SUNY Charter Schools and all public schools (charter and non-charter) state-wide.

### **3.4 Conclusion**

Our findings suggest that effective accountability arrangements are based on quality assurance and intervention strategies which are rigorous, transparent and targeted. Specifically we found strong support for the idea that quality assurance should be staged. First, regulators should set high standards, then they should inspect in proportion to risk and then they should intervene in schools that are not performing.

Interviewees highlighted that policy makers need to retain strong intervention mechanisms for private provision, particularly in light of their high degrees of autonomy. They also suggested that large scale intervention necessarily involves a number of organisations in addition to new providers.

<sup>19</sup> CREDO (2009)



*Our case studies demonstrate how government is instead the guarantor of quality, authoriser of new provision and intervener of last resort.*

## 4. Innovation and securing scalability

The high autonomy, high accountability model changes the role of the education policy maker. Systems that have not undergone supply-side reform of the nature described above typically host schools operated and owned by local or national government. Our case studies demonstrate how government is instead the guarantor of quality, authoriser of new provision and intervener of last resort. The policy maker therefore becomes the school regulator rather than the school manager; interventionist when necessary but hands off if possible.

This leaves a question about how private school operators are using their autonomies and whether they are actually making a step change in pupil and system performance. Critical to their success is their ability to develop innovative practices to meet the needs of pupils better than traditional government provision. In this way they can satisfy the demand which brought them into the system in the first place.

As a result of 'de-regulation', some new school operators are expanding and scaling up innovation (others are not;<sup>27</sup> in Korea there appears to be no curriculum flexibility at all). Successful school chains have also been able to deliver economies when procuring back-office services and when investing in new leaders for their schools. Examples of best practice in this context are discussed below.

### 4.1 Innovation

The Knowledge is Power Programme (KIPP) is a US non-profit organisation that has responded to the challenge of supply-side reform by devising an innovative delivery model, with a clear target population. Their approach has proved to be scalable and popular. KIPP now operates 99 public charter schools in 20 states, enrolling more than 27,000 students. There are large waiting lists for existing schools and ambitious plans for new schools over the next five years.

Student outcomes at KIPP schools are impressive.<sup>28</sup> Assessment information from all schools is collated at the national level and a report card is produced annually. The 2009 report<sup>29</sup> highlights:

- 88% of KIPP graduates have gone on to higher education.
- In maths, 60% of students between 2nd and 8th grade make more than one year's progress according to state standards.
- In reading the figure is 65%.
- There is a 95% high school graduation rate.

Box 4 on page 24 sets out the key features of the KIPP approach, highlighting how autonomies have been used to develop innovative practices.

<sup>27</sup> The National Charter School Research Project, 2009

<sup>28</sup> Angrist (2010)

<sup>29</sup> <http://www.kipp.org/reportcard/2008/>



*The principle of schools joining together to improve educational and financial performance is gaining support outside the government funded private sector.*

#### **Box 4: Spreading innovation through a targeted and replicable model**

##### **KIPP, United States**

KIPP's success relies on a number of key aspects:

- **KIPP has a relentless focus on a singular goal: to prepare underserved communities for higher education.** It aims to achieve this through its five pillars: 'high expectations', 'choice and commitment', 'more time', 'power to lead' and 'focus on results'. These five pillars drive all aspects of the organisation (including teacher and parent recruitment) and signal KIPP's innovative approaches in each area. 'More time' for example points to KIPP's practice of having longer school days and a longer school year to focus on English, maths and extra-curricular provision. 'Choice and commitment' highlights KIPP's 'contractual' expectations of students and families and their use of lotteries when the school is oversubscribed. These approaches are not common in traditional public schools.
- **The KIPP approach is underpinned by a strong ethic of accountable performance.** Annual reports highlight progress against key metrics, in particular higher education readiness and student performance in state-wide tests. Individual teachers are held to account at the school level and principals are held to account at the regional and national level. KIPP also monitors enrolment profiles nationally so the organisation retains its focus on underserved communities.
- When speaking to us, KIPP founder Mike Feinberg highlighted that he mostly exercises freedoms around staffing and **institutes different terms and conditions compared with traditional public schools.** KIPP typically expects staff to work a nine-hour day, half days on selected Saturdays, and three weeks in the summer. Teachers are also expected to be available via mobile phone for homework help in the evening. To compensate for the additional time, teachers typically receive a higher salary than the average teacher in neighbouring public schools. Other charter operators we spoke to also considered autonomy over staff pay and conditions as a key area of innovation. DC Prep, a fast growing, high performing charter operator in Washington DC, sees the greater flexibility to hire and fire staff as critical to investing resources appropriately.

##### **Additional innovation**

**Staffing, and in particular staff training, is an area where additional freedoms could be delegated by regulators.** KIPP considered that the only factor stopping their franchise growing further is the quality of leaders available. KIPP looks for entrepreneurial staff who want to make an impact at the school rather than class level. This, they feel, requires expanding the quality of teachers entering the profession. NGO programmes such as Teach for America, Leading Educators and New Leaders for New Schools provide some help, but only account for a small proportion of trained teachers in America. Looking ahead, high performing private school operators may be well placed to develop new and innovative training programmes to ensure scalable success.

Other charter operators with a clear focus on disadvantage, strong accountability and a willingness to innovate have had similar success. There is not space to discuss all the high impact schools here, but one notable innovation has been the charter schools in the Harlem Children's Zone, in New York. Dobbie and Fryer (2009) established that after three years at the Promise Academy Charter School, black students performed in line with white students in the city, effectively eradicating the achievement gap. The Promise approach is KIPP like – high expectations, a commitment to getting all students into higher education and investment in every child.





## 4.2 Supporting scalability

As supply-side reforms become more embedded, private operators begin to grow. Expansion can lead to financial and educational benefits. In the Netherlands, where non-state providers have been operating over a long period, private, non-profit school boards are delivering more and more provision. Set out in Box 5 below are two examples of Dutch school chains that highlight the advantages of scaling up.

### Box 5: School chains: improving quality at scale

#### The Netherlands

##### 1. Stichting Carmelcollege: 'excellent teachers need excellent principals'

*Stichting Carmelcollege* foundation is a large private not for profit provider of state funded schools in the Netherlands. Operating 14 schools and educating approximately 36,000 students, it uses scale to generate efficiencies and improve educational outcomes.

- **Teaching and Learning:** Principals have freedom over the curriculum and its delivery. Managers feel this autonomy encourages ambitious and high achieving teachers to join the chain. Recruitment is also supported by an internal training system which sees all principals reach masters level. Academic outcomes in all schools are above national averages.
- **Budget:** Economies of scale are achieved with joint procurement of back-office systems at the foundation level rather than the school level. No profit is extracted and any excess is used to invest in schools. There is also some joint financing of capital projects with local government authorities.
- **Human resource management:** The chain does not pay above market rate for teachers but is able to attract school leaders through its reputation for school autonomy and strong support systems. The chain holds schools to account through monitoring of performance by the foundation board.

##### 2. BOOR

BOOR is the independent Governing Board for the majority of government funded provision in Rotterdam. 86 schools were transferred to the Board in response to complaints from parents and community leaders that the curriculum was becoming too politicised and standards were too low. BOOR is fully funded by the Government but acts as an private organisation, with a sole focus on improving teaching and learning. Academic outcomes in BOOR elementary schools are above the city average and are at average at high school level. This represents an improvement compared with previous management arrangements.

Key features of the BOOR model include:

- **Transparency:** Per pupil funding is set by the Government and BOOR distributes all allocations to schools. The schools then enter into a buy-back agreement with BOOR whereby they pay only for the back-office and educational support functions they want to fund. Back-office support is therefore lean and efficient, with BOOR control over only a small number of areas e.g. HR.
- **Clear lines of accountability:** BOOR employs all staff and has responsibility for financial and education outcomes (both of which have improved since BOOR took over). The Board therefore initiates improvement schemes e.g. sharing practice forums, sets strategic goals and is the central point of contact for the school inspectors (as highlighted at 3.2 above).
- **Targeted education support:** Schools receive consultant support as required and as paid for through their contracts with BOOR. Consultants are mainly generalists but cover different age groups. There is flexibility to bring in support as and when required. The number of schools covered allows for best practice to be shared efficiently.



*... the emergence of chains has led to the growth of school brands for policy makers and parents to choose from.*

The principle of schools joining together to improve educational and financial performance is gaining support outside the government funded private sector. In England, for example, school federations, with high performing executive principals having control over a number of schools is an increasingly popular strategy for improving outcomes (Hill, 2009). Key areas of practice include:

- Sharing of senior leadership capacity
- School self-review conducted by partner schools in the federation
- Joint procurement of back-office functions such as insurance and classroom materials
- Shared induction for new staff and training for middle and senior leaders
- Financial and educational oversight provided to individual schools within the chain.

Some federations see fit to have central capacity to co-ordinate activities. In the case of private government funded chains, the central capacity exists in the form of the school operator itself. Either way the emergence of chains has led to the growth of school brands for policy makers and parents to choose from. This expansion has been supported by a regulatory environment which has diversified supply.

Of course scalability for government funded, private provision is dependent on a stable financing regime. The KIPP model relies on some philanthropic monies, particularly in light of different funding models in different states and the lack of government funding for capital. In England, New Zealand and the Netherlands capital funding for new school buildings and repairs comes from the public purse (with occasional individual contributions).

Some of our interviewees felt that a more sustainable funding model would be achieved if for-profit providers were allowed to deliver schools (as they do in some American states and in Sweden). For-profits could borrow money from the markets against future per pupil revenue, thereby accruing funding for capital projects. However, other interviewees felt the profit motive was incompatible with delivering high quality education. One highlighted that any additional money should be given to children, not shareholders.

One solution to the funding challenge has been the New Schools Venture Fund. This Fund seeks to bring together philanthropic donations to make strategic interventions in the 'market'. The Fund invests in non-profit school operators in order to allow them to scale up. The Charter School Growth Fund is another organisation that performs a similar role. These solutions, however, may only be possible in a culture where individual and group donations are common.

Governments could help too by investing capital strategically. In New Orleans capital is attached to one school rather than an organisation, making it difficult for chains to scale up. New York City has taken a different approach. By relaxing building regulations and encouraging providers into unorthodox buildings (commercial property, within existing schools etc.) they have sought a low-cost capital option.

Looking ahead, policy makers will need to consider how best to finance government schools to maximise the autonomy of high performing operators, whilst ensuring equity. This paper does not seek to provide answers on this particular issue but instead to highlight how school providers are responding to the current funding environment.



### **4.3 Conclusion**

Our findings suggest that autonomy leads to innovation if providers have a clear target population. Innovation leads to wider improvements if providers can scale up by generating efficiencies in back-office services and through the sharing of school improvement and leadership resources. In the future, and notwithstanding significant issues around capital investment, scalability will be achieved through an investment in leadership training and capacity for new schools.



*Following the process from provider entry, to quality assurance, to delivery, to exit, we have detailed key features of effective reform.*

## 5. Conclusions and recommendations

Government funded, privately provided schools are growing in size and influence. Their expansion has brought difficult questions for policy makers, including:

- How do you ensure that competition between providers is fair and that choice for parents is real and informed?
- How do you deliver an accountable system which protects school autonomy but has the capacity to intervene where there is failure?
- How do you foster innovation so that new systems do not replicate old failures?
- How do you scale up autonomous provision without generating new inefficiencies?

This paper has sought to demonstrate how these questions have been answered by different countries and jurisdictions. It has not been our intention to make empirical judgements on school performance; instead we have looked to highlight mechanisms and strategies that have helped governments manage the process of supply-side reform effectively.

Following the process from provider entry, to quality assurance, to delivery, to exit, we have detailed key features of effective reform. Overall our conclusions suggest that effective reform relies on an effective and sensitive regulatory framework. It is also crucial that school operators are able to respond to the regulatory environment by developing innovative educational and financial practices.

Our findings give rise to recommendations that policy makers and school operators should consider when seeking to diversify school supply:

### **For policy makers:**

1. If reform is to expand choice for all families, policy makers should:
  - actively promote new provision where there is currently limited choice and standards are low
  - put in place systems to disseminate performance information about all schools, including private provision, within a common framework
  - remove barriers to entry including admissions criteria based on proximity to the school
  - put in place progressive financing that ensures schools compete for disadvantaged pupils.
2. As reform becomes embedded, policy makers should encourage high quality provision to grow whilst ensuring school chains do not become monopolies acting in their own self-interest. This may require regulatory frameworks akin to other industries.
3. Systems need authorising frameworks that have sufficient flexibility to approve innovative and diverse educational models. Using a range of non-government authorisation bodies can contribute to achieving this goal.
4. The process of approving, renewing and closing government funded, privately provided schools should be independent and transparent. Accountability systems need to be targeted in order to protect school autonomy, but robust enough to intervene where there is real and sustained failure.



5. Effective and systemic intervention often involves policy makers working with a wide range of partners (including high performing schools and non-government actors).

**For school operators:**

1. School operators should seek to generate economies of scale through efficient back-office procurement and sharing of best teaching practice.
2. Looking ahead, successful school chains should play a greater role in training leaders for their schools and for the system as a whole.



## Bibliography

- Allen, R. and Vignoles, A. (2009) *Can school competition improve standards? The case of faith schools in England*. Paper presented at the American Educational Research Association Conference, April 2009
- Anderson, S. and Serritzlew, S. (2006) The Unintended Effects of Private School Competition, *Journal of Public Administration Research and Theory*
- Angrist, J. (2010) Inputs and Impacts in Charter Schools: KIPP Lynn, *American Economic Review: Papers & Proceedings*
- Böhlmark, A. and Lindahl, M. (2007) 'The Impact of School Choice on Pupil Achievement, Segregation and Costs: Swedish Evidence'. Discussion Paper No. 2786, May 2007
- Burgess, S. and Briggs, A. (2006) *School Assignment, School Choice and Social Mobility*, CMPO, Bristol University
- CREDO (Centre for Research on Education Outcomes) (2009) *Multiple Choice: Charter School Performance in 16 states*, Stanford University
- District of Columbia Public Charter School Board, *Annual Report 2010*
- District of Columbia Public Charter School Board: <http://www.dcpubliccharter.com>
- District of Columbia Public Charter School Board 2010–2011 Charter Renewal Guidelines: <http://www.dcpubliccharter.com/data/images/2010%20charter%20renewal%20guidelines.pdf>
- Dobbie, W. and Fryer, J. (2009) *Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from a Bold Social Experiment in Harlem*, Harvard University
- Harrison, M. (2004) *Education Matters: Government, Markets and New Zealand Schools*. Wellington, NZ: Education Forum
- Hill, R. (2009) *Chain reaction: a thinkpiece on the development of chains of schools in the English school system*. Nottingham: The National College
- Himmler, O. (2009) *The Effects of School Competition on Academic Achievement and Grading Standards*, CESifo Working Paper Series 2676, CESifo Group Munich
- Hoxby, C. (2004) *A straightforward comparison of charter schools and regular public schools in the United States*, Harvard
- Ladd, H. and Fiske, E. (2009) *Weighted funding for disadvantaged groups, up to 1.9 times compared to average*, Duke Sanford School of Public Policy
- LaRocque, N. (2004) *What Americans Can Learn from School Choice in Other Countries*. Paper presented at Cato Institute Conference, Washington DC, May 2004
- LaRocque, N. (2005) *School Choice: Lessons from New Zealand*. Wellington, NZ: Education Forum
- Lewis, L. and Patrinos, H.A. (2011) *Framework for engaging the private sector in education, System Assessment and Benchmarking Education for Results (SABER)*, Washington, DC: The World Bank
- Louisiana Department of Education, Brookings Institute and Cowen Institute (2010) *The State of Public Education in New Orleans*



- Nannestad, P. (2004) *Do Private Schools Improve the Quality of Municipal Schooling? The Case of Denmark*, Aarhus University
- National Association of Charter Authorisers (2009) *Locating Quality and Access: The Keys to Denver's Plan for Educational Excellence in Denver*
- National Audit Office (2010) *Report by the Comptroller and auditor general HC 288 Session 2010–2011*, 10 September 2010
- National Charter School Research Project (2009) *Custom Tailored: Trends in Charter School Educational Programs, 2009* <http://www.crpe.org/cs/crpe/view/projects/1>
- OECD (2010) *PISA 2009 Strong Performers and Successful Reformers in Education: Lessons from PISA for the United States*. Paris: OECD
- OECD (2010) *PISA 2009 Results: Learning Trends: Changes in Student Performance since 2000 (Volume V)* <http://dx.doi.org/10.1787/9789264091580-en>
- Patrinos, H.A. (2010) *Private Education Provision and Public Finance: The Netherlands*. Washington, DC: The World Bank
- Patrinos, H.A., Barrera-Osorio, F. and Guáqueta, J. (2009) *The Role and Impact of Public-Private Partnerships in Education*, Washington, DC: The World Bank
- RAND Corporation (2009) *Charter Schools in Eight States: Effects on Achievement, Attainment, Integration, and Competition*
- Sandström, M. and Bergström, F. (2002) *School vouchers in practice: Competition won't hurt you!* Stockholm: The Research Institute of Industrial Economics
- Schleicher, A. and Stewart, V. 'International benchmarking', Presentation at Asia Society 2009 (<http://asiasociety.org/education-learning/learning-world/international-benchmarking>).
- Swedish National Agency for Education (2006) *Schools like any other? Independent schools as part of the system 1991–2004*
- The Sutton Trust (2006) *The Social Composition of Top Comprehensive Schools – Rates of Eligibility for Free School Meals at the 200 Highest Performing Comprehensive Schools*. London: Sutton Trust
- de Vijlder, F. (2001) *Choice and Financing of Schools in the Netherlands: The art of maintaining an open system responsive to its changing environment*. University of Amsterdam
- World Bank (2007) *Making Schools Work – New Evidence on Accountability Reforms*, Washington, DC: The World Bank
- World Bank (2007) *What is School Based Management?* Washington, DC: The World Bank
- World Bank (2004) *World Development Report 2004: Making Services Work for Poor People*. Washington, DC: The World Bank



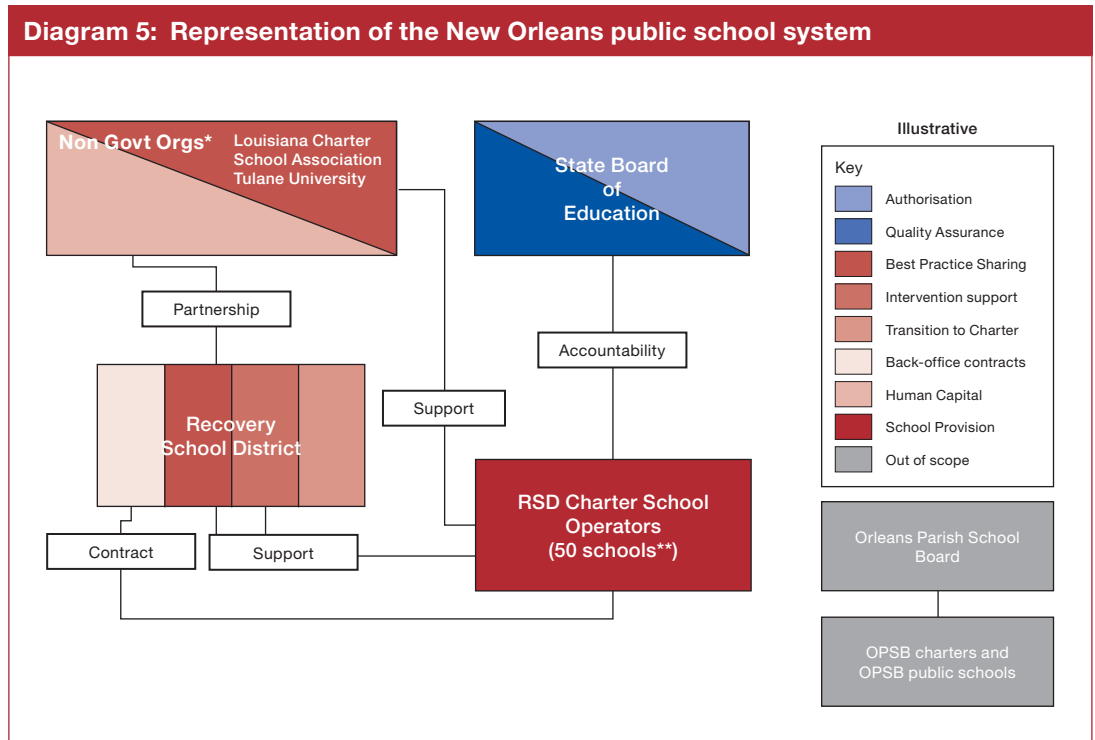


## **Annex A: List of interviewees**

<b>Jay Altman</b>	CEO, FirstLine Schools
<b>Josephine C Baker</b>	Executive Director, DC Public Charter School Board
<b>Carl Bistany</b>	CEO, SABIS schools
<b>Wim Blok</b>	CEO, BOOR
<b>Casey Carter</b>	Former President, National Heritage Academies
<b>Mike Feinberg</b>	Co-founder and CEO of KIPP schools
<b>Kevin J Gutterrez</b>	Deputy Superintendent, Louisiana Recovery School District
<b>William Haft</b>	Vice President for Authorizer Development, National Association of Charter School Authorizers
<b>Ian King</b>	CEO, Academic Colleges Group (ACG)
<b>Mineke Laman</b>	Inspector and international programme manager, Netherlands Inspectorate of Education
<b>Norman LaRocque</b>	Senior Education Specialist, Asian Development Bank
<b>Emily Lawson</b>	Founder and CEO of DC Prep
<b>John Locke</b>	CEO of Charter School Growth Fund
<b>Molly Mcgraw</b>	Volunteers of America of Minnesota
<b>Adrian Morgan</b>	COO, FirstLine Schools
<b>Kathleen Padian</b>	Founder, New Orleans School Facility Project
<b>Sungmin Park</b>	Senior Education Specialist, Human Development Network – Education, World Bank
<b>Harry Anthony Patrinos</b>	Lead Education Economist, World Bank
<b>Ron Perkinson</b>	International Consultant
<b>Katie Piehl</b>	Volunteers of America of Minnesota, Director, Charter School Authorizing Program
<b>Cynthia Proctor</b>	Director of Public Affairs, SUNY Charter Schools Institute
<b>Romain Rijk</b>	Chair of Stichting Carmelcollege
<b>Frans de Vijlder</b>	Professor Governance and Innovation Dynamics in Social Sectors, University of Arnhem & Nijmegen
<b>Amy Westbrook</b>	Louisiana Recovery School District



## Annex B: Diagrammatic representation of the New Orleans public school system





CfBT Education Trust  
60 Queens Road  
Reading  
Berkshire  
RG1 4BS  
0118 902 1000  
[www.cfbt.com](http://www.cfbt.com)